

III. FUNDING STRATEGY PRE-MEETINGS

November 3 & 18, 2003 - WSDOT Urban Planning Office

With the emphasis from the September workshop clearly on finishing Phase I and II projects, the FAST partners focused on understanding the funding picture and developing strategies to secure funding for those projects. A small group of partners familiar with federal, state and local funding issues met twice in November to discuss the funding climate and to begin to formulate strategies to propose to the full FAST group at the January workshop.

Federal Legislative Activities and Legislation

The group discussed the question of how FAST is perceived at the federal level. It was suggested that the electeds pushing FAST need to be influential and politically connected. There is not the same sense of urgency as when FAST began because FAST now has competitors; however, there is agreement that the FAST partnership should stay together. In addition, asking for flat (instead of flexible) funding each year without being specific about needs is problematic. Two upcoming opportunities to pursue federal funding include Transportation Equity Act (TEA-21) reauthorization and 2004 appropriations.

TEA-21 Reauthorization

- The reauthorization is on a seven-month extension to March 1.
- If passed, the reauthorization will be for 6 years.
- The legislation currently limits corridors eligible for project funds to those that are multi-state (so FAST is ineligible, but so is the Alameda Corridor).

2004 Federal Appropriations

- The House and the Senate are in conference to resolve their differences.
- The President specified what level of transportation funding he wanted and the Senate matched it (rather than asking for more as they usually do) so the allocation will be less.
- It is time to start thinking about 2005 appropriations.

State Legislative Overview

FAST has had advocates at the state level; however, a key challenge is maintaining a knowledge base in Olympia. Legislative turnover makes just keeping people educated difficult. In addition, FAST is often seen as a benefit for Western Washington only, making development of a statewide coalition in support of FAST particularly tricky.

- Many legislators don't see the larger statewide impacts of FAST projects and so are resistant to providing funding.
- The passage of I-776 will make 04 funding difficult.

- The Governor’s Maritime Summit offers the opportunity to elevate freight on the state agenda.

How should FAST respond?

The small group worked to clarify the best ways to pursue funding and at what levels by using strengths, weaknesses, opportunities and threats identified at the September workshop. This “SWOT” analysis formed the foundation of the funding strategy that was developed in subsequent weeks and presented at the January workshop.

Strengths to build on:

- FAST Phase I successes.
- FAST projects affect Eastern Washington as much as they affect the area where they are built, so they provide statewide benefits.
- On the federal level, FAST has been one of the most successful programs in the state and the nation in securing federal funding.

Weaknesses to overcome:

- The public does not understand the importance of freight to the economy, including jobs and the cost of doing business.
- The number of FAST projects can dilute the message of FAST’s purpose.
- The program needs more local advocates who are high-level decision makers.

Opportunities to exploit:

- Emerging corridors: SR 9, Hwy 18, and SR 509.
- Freight’s role in job creation and economic development.

Threats to respond to:

- Most of the Pacific Northwest’s international trade is discretionary and other regions are competing for it.
- Seattle and Tacoma ports have seen container traffic increase by 7.9% over the past five years, whereas Vancouver B.C. has seen a 74% increase in container traffic volume during this same time.
- Growth in business is shifting away from the Northwest in response to population density and the cost of doing business.
- Though FAST has name recognition and a solid reputation, the partnership also now has more competition.

In crafting funding strategies, the small group emphasized the importance of telling the overall freight “story.” FAST has a role in this story not only as a program but also as a strategy to align programs and as a tool to reach other freight goals.

What else should FAST emphasize?

- Freight mobility creates domestic jobs (not foreign ones).
- What happens in Washington State affects other parts of the country: we provide disproportionate benefit as a gateway and should get more federal money as a result.
- FAST projects offer other benefits to communities such as improved safety, traffic mitigation, and opportunities for business.
- Improvements will help to accommodate the growth of commuter rail.
- FAST has a potential role in Homeland Security (if it makes sense and doesn't imperil credibility).
 - Securing military mobility out of the region.
 - Supporting the Coast Guard's security role.

Issues for Specific Legislation

Within the federal transportation legislation are a number of potential programs that could serve as funding sources for FAST. The following list outlines ways FAST can prepare to address the requirements of these programs.

Multi-state Corridors

- Work with the delegation to modify language so in-state corridors are eligible.
- Change the language to talk about the multi-state benefits of FAST, or ensure "multi-state corridors including the 43 previously designated" is included.

Borders

- Recommend combining with the Gateways program.
- Ensure any new funding under Borders goes into Gateways.

Gateways

- Identify as successes those FAST projects that are funded.
- Promote FAST as a "Gateway" for NAFTA, APEC (i.e., use the language they're using).

At the state level, the following considerations were discussed.

- FAST will benefit from FMSIB and the interest of two committee chairs.
- Talk about FAST programmatically rather than as individual projects and set the table for 2005, if necessary.
- Continue education efforts for state legislators.
- Ensure funding for current project needs.
- Like with the "rural economic development" money that came out of TEA-21, get "freight" a dedicated source of funds.

On the regional level, a discussion of FAST's relationship with the Regional Transportation Investment District (RTID) led to the following suggestions.

- Pursue RTID as a potential funding source. (Highways of Statewide Significance projects get full funding and some FAST projects occur on HSS routes.)
- Advocate for FAST with county councils.
- There are two possible approaches for pursuing RTID as a funding source:
 - Don't push until the RTID package has been taken up by the legislature; or,
 - Come in now with projects, as RTID as an organization is forming today.
- Focus on customers (distribution centers, routes). Ask: What do they require? What's unique that FAST can offer?



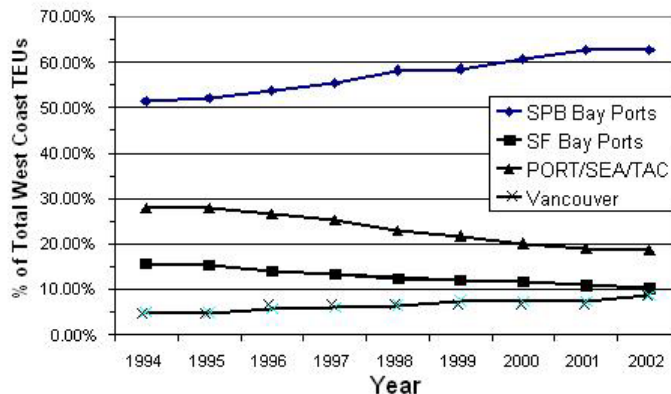
Photo courtesy Kent Christopher, Port of Seattle

IV. LEGISLATIVE FUNDING WORKSHOP – January 21, 2004 - Seattle City Hall

After the small group meetings in November, the FAST partners gathered again in a workshop setting to discuss strategies for securing funding for Phase I and II projects from a variety of potential sources.

Where FAST Stands

Mike Cummings began the discussion by showing a new graphic depicting the decline in market share for Puget Sound ports compared to other West Coast ports. As Washington is the most trade-dependent state in the country, such a decline is not good news for the state's economic picture.



Source: Southern California Association of Governments

Still, FAST has been one of the most successful programs in the state and the nation in securing federal funding. To date, FAST has secured about \$66.9 million in federal funding. In 2002, FAST received the highest amount of federal funding in the state, totaling \$10 million.

Status of Fast Project Funding Commitments and Funding Sources

Shown below are the current funding balances for Phase 1 and Phase 2 projects.

FAST Phase I Projects (\$ in Millions)				
Project & Sponsor	Total Cost	Funded Amount	FAST PH-I Total Commitment (1)	Total Unfunded Need
Spokane Street Viaduct - Seattle	\$93.0	\$45	\$5M*	\$48.0
SR-167 (ROW only) WSDOT – Stage 1	\$42.0	\$23.9	\$7.57 (2002)	\$18.1
E. Marginal Way – Port of Seattle	\$33.33	\$21.01	\$5.4 (2002)	\$6.92
Shaw Road – Puyallup	\$15.00	\$5.25	\$3.25 (2003)	\$9.75
Totals	\$183.33	\$105.56	\$21.22	\$82.77

* Indicates that this commitment is outstanding and has not yet been funded. This is funding that the FAST partnership must still seek in order to fulfill FAST Phase I commitments and totals **\$5M**.

FAST Phase II Projects (\$ in Millions)				
Project & Sponsor	Total Cost	Funded Amount (2003)	FAST PH-II Total Commitment (2)	Total Unfunded
Duwamish ITS – Seattle	\$7.21	\$1.80*	\$3.55	\$5.41
WSDOT ITS	\$30.00	\$1.30*	\$15	\$28.70
SR-9 Widening – WSDOT**	(\$45.98)	(\$45.98)	(\$9M)	\$0.00
Lincoln Avenue – Port of Tacoma	\$26.00	\$0.50 *	\$6.2	\$25.50
S. 288 th Street – Kent	\$68.00	\$1.00 *	\$11.8	\$67.00
70 th Street - Fife	\$18.86	\$1.00 *	\$11.46	\$17.86
M. Street – Auburn	\$24.04	\$0.00	\$7.71	\$24.04
8 th Street – Pierce County	\$20.00	\$0.65 *	\$8.0	\$19.35
Lander Street – Seattle	\$42.50	\$0.00	\$5.98	\$42.50
Willis Street - Kent	\$20.80	\$0.00	\$5.0	\$20.80
Totals	\$257.41	\$6.25	\$74.7	\$251.16

* Indicates partial funds from FAST commitment.

** Fully Funded by WSDOT “Nickel” Package

NOTE: The FAST Phase II commitment has been reduced by \$9M (the FAST commitment to the SR-9 widening project) since this project has been funded by the WSDOT “Nickel Package.” The remaining FAST Phase II commitment (less the 2003 funded amount) is **\$68.45M**. This is funding that the FAST partnership still must seek in order to fulfill the full FAST Phase II commitments. The total remaining FAST Phase I and II funding share commitments that are seeking funding equals **\$73.45M**.

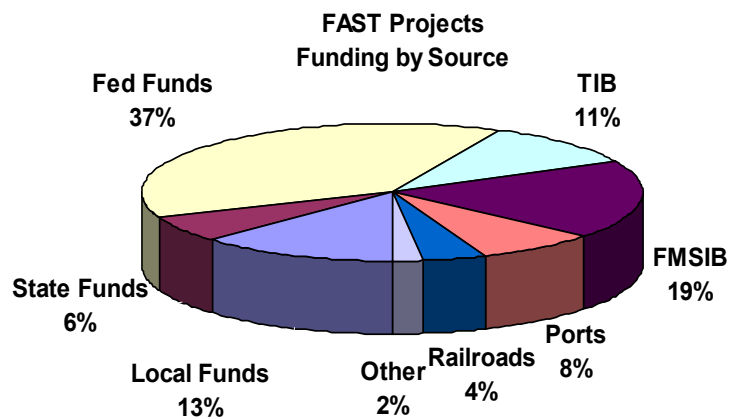
FAST Projects Funding By Source (\$ in Millions)	
Local Funds	\$59.40
WSDOT Funds **	\$29.33
Fed Funds	\$177.76
TIB **	\$49.32
FMSIB **	\$86.58
Ports	\$36.55
Railroads	\$20.10
Other	\$8.73
Total	\$467.76

** Combined state funds (DOT, TIB, FMSIB) = 36% of the total.

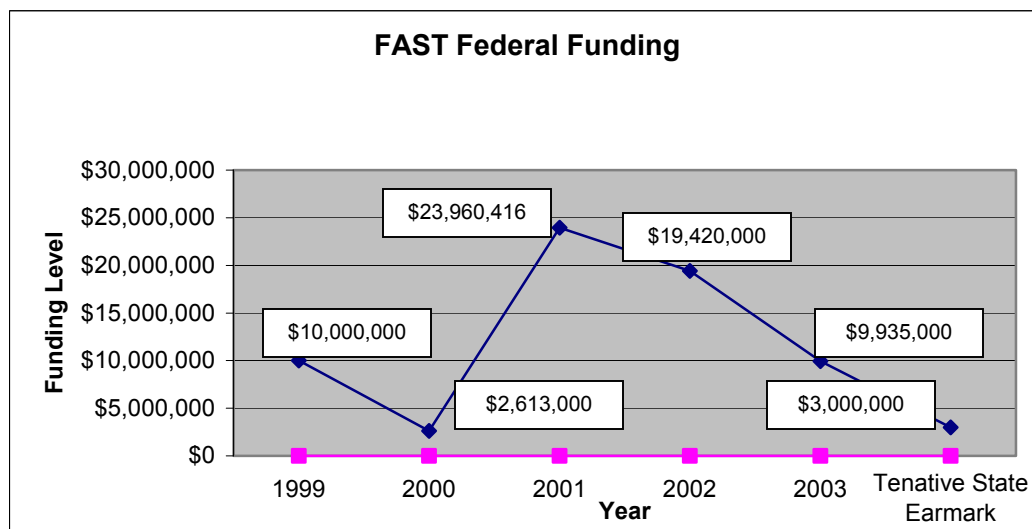
FAST Projects Funding By Federal Program (\$ in Millions)	
ISTEA	\$12.31
T-21 STP®/NHS	\$63.67
T-21 High Priority	\$44.28
T-21 Demo (sec 378)	\$22.00
T-21 FAST	\$2.00
T-21 1118/19	\$33.49
Total	\$177.75

Note: WSDOT is the source of the above tables and the figures on the next page.

In looking at the mix of investments in the FAST program, federal funding accounts for about 37% of the total. Federal investments have been a critical component of FAST's success; however, the trend is toward decreasing federal funding: In 2003, FAST received only \$3 million.



Even though the funding has declined, conversations with federal legislators indicate that they would also like to see the projects completed and the program grow. Given the current federal funding climate, it is imperative for FAST to review and confirm outstanding project funding commitments in order to determine how much federal funding to seek.



Status of Federal Transportation Legislation (as of January 21, 2004)

The FAST program is currently expecting to receive \$3 million in federal funding for 2004. FAST will receive as much as most other projects; however, the entire FAST program was considered as a single project.

Even though the 2004 appropriations aren't finalized, it is time to begin thinking about the 2005 appropriations strategy.

TEA-21 Reauthorization

- House version: \$375 million
 - Includes nickel or dime gas tax;

- Funds programs at a very high level;
- Includes a lot of programs that freight proponents will support.
- Senate version: \$311 million
 - Supported by bonding rather than by a gas tax increase.
- White House version: \$247 million
 - No gas tax increase.

Who is FAST's competition at the federal level?

- Chicago's CREATE program has the advantage of everyone thinking, "all freight goes through Chicago."
- The State of Mississippi.
- The Alameda Corridor in Southern California.

Alternate Funding Source: Homeland Security Allocations

Every project that has federal funding has some security component, so Homeland Security allocations may be a source for security-related components of FAST projects.

Status of State Transportation Legislation

1998: FMSIB was created with dedicated funding.
 1999: The dedicated funding was lost.

With I-776 (and other such initiatives), FMSIB continues to see funding disappear. But Senator Horn, chair of the Senate Highways and Transportation Committee, is supportive of the projects and has committed to find funding in this session and beyond. Representative Ed Murray, chair of the House Transportation Committee, has floated the idea of a penny gas tax to help fund freight needs. The Governor's Maritime Summit also clarified the role of local projects within a larger scope.

How is FMSIB helping?

FMSIB has submitted a report to the legislature asking for \$14 million for projects, including some FAST projects. Also, FMSIB is conducting a detailed freight transportation study in order to present a comprehensive overview of statewide freight needs.

Status of RTID

There are four FAST projects, plus corridor improvements, in the current RTID proposal. While there is general agreement on the funding level of approximately \$14 billion, this funding total could be reduced. Options for funding RTID include: an increase in the sales tax, a local option gas tax and possible tolls.

V. FAST FUNDING STRATEGY PROPOSAL

Listed below are three options for FAST federal funding appropriations presented at the workshop.

1. Retain our current FAST structure and only seek federal appropriations through earmarks; if TEA-21 reauthorization is expected to be delayed, educate decision makers on the importance of TEA-LU components; and/or
2. If the U.S. Senate/Administration SAFE-TEA proposals prevail, realign FAST to the extent required to continue to be eligible for federal funding; and/or
3. Seek appropriate state and regional funding for remaining FAST Phase I and II projects.

Strategic Elements To Consider

In discussing the proposal, FAST partners detailed the following issues with the legislation under consideration.

TEA-LU Federal Legislation, \$375 billion (Time frame: 2004)

- Support TEA-LU language, which has five programs that are important to freight:
 - Safety Infrastructure: \$7.5 billion, rail-highway crossings.
 - Freight Intermodal Connectors: \$3 billion, road connections to/from freight facilities.
 - Projects of National & Regional Significance: \$17.6 billion, large projects with national or regional benefits beyond local area.
 - Dedicated Truck Lanes: \$1.5 billion, separate truck traffic from general purpose traffic.
 - Commercial Vehicle Information Systems and Network Program: \$150 million to complete core CVISN program.

SAFETEA – Senate/Administration, \$247/218 billion (Time frame: 2004)

- Multi-State Corridors (1806): Propose legislative amendments to make the FAST Corridor an eligible corridor. Funding is for planning only and for multi-state partnerships.
- Support a (multi-state) west coast corridor with the idea that within this context, sub-state gateways such as FAST would then be fundable under any of the federal reauthorization proposals. This would assume that a corridor institutional structure is in place.

- Gateways Program (Sect.1205): Refine FAST to match program criteria, eligibility, and priorities. Identify intermodal connectors. Propose legislative amendments to increase FAST I & II project eligibility.
- Borders Program (1807): This program replaces the TEA-21 Borders program (1119) and is funded to the same level as the Corridors Program. FAST I & II are not eligible for this program. Propose to decision makers combining “Gateways” with “Borders” making Borders funding available to both types of border crossings.

Federal Earmarks (Time frame: Yearly)

- The FAST partners would need to develop a federal strategy to promote FAST I & II for federal earmark funding and work with the Congressional delegation. (Although annual federal earmarks for specific FAST Phase I and II projects might be the most appealing, the FAST partners should recognize that earmarks are not new federal funding, but existing federal funding that is already allocated to the state. This might create a conflict between FAST priorities and other local, regional and state priorities for federal funding allocations.)

Other Federal Funding Ideas

- Work to have some of federal Customs money dedicated to trade corridor mitigation (some fraction of the \$20 billion each year, and growing, that goes into the general fund.) Other fund options include container fees and harbor taxes.

State Funding (Time frame: 2004-05)

- Develop a state legislative funding strategy and work with state legislators to identify a logical and viable dedicated funding source for freight mobility at the state level. Time the strategy to coincide with FMSIB’s freight needs’ assessment and lead to the 2005 legislative session, which will develop the 2005-07 biennial transportation program.

Regional Funding (Time frame: January-February 2004; may extend through 2004)

- While it might be advantageous for the FAST partnership to advocate for additional Phase I and II projects for inclusion in RTID, the prospects for additional FAST Phase I and II projects within the RTID package are not good. Currently, there are four FAST projects that are on the RTID list. Therefore, FAST partners with local projects on the list should advocate for those projects with support from FAST. (Although freight mobility is included as evaluation criteria for proposed RTID projects, the primary RTID focus has been congestion relief.)

Short-Term Strategy

After considering all the elements in the funding proposal, the FAST partners agreed to the following short-term strategy elements. Further discussion of each element follows the list.

- Support TEA-LU-type components in the final reauthorization program to align FAST with similar freight programs, such as Chicago and Southern California;
- Schedule a FAST information program with Senator Murray in the spring of 2004;
- Develop a two-year appropriations package, fiscal years 2005 and 2006, that focuses on completing projects;
- Work with FMSIB and other statewide partners to advocate for a dedicated state funding source for freight;
- Work with RTID Executive Board members to advocate for retention of FAST projects already included in the draft RTID plan.

TEA-LU

FAST has been key in creating “Corridors” and similar federal funding programs and should continue to be funded as a corridor and not as part of a state program. Since FAST was created, a lot of other freight programs have emulated FAST; unfortunately, not all of these programs are as true about their freight focus as FAST is, which has led to the belief that a lot of the Borders and Corridors money has been abused. The only Borders and Corridors program proposed now would require that the corridor be multi-state and would provide planning funding and some operations funding but no construction funding.

Senator Murray Program

The proposal committee met with Senator Murray’s staff, to reinvigorate the staff’s knowledge of FAST and encourage the Senator to maintain the highest funding level possible. It is important for partners to have the chance to talk with Senator Murray, review past successes, and express gratitude for her role in these successes. An information program is being planned with her and possibly other high-ranking officials in mid-February or mid-March. They also intend to impress upon Senator Murray that continued federal construction funding, not planning funding, is most important. The meeting is strictly about FAST, so other projects or programs should not be brought up during the course of the event.

Two-year Appropriations Package

There are two possible options for developing the federal Fiscal Year 2005 and 2006 appropriations packages. The two options are not mutually exclusive and include the following:

1. Submit the proposal as in previous years, one proposal covering all FAST projects as a package. Funding target: \$10 million.

Pro: Gives the program the flexibility to distribute and redistribute money where it will be best applied for projects.

Con: Might limit the total amount that is received, since it could be viewed as a single project and not a larger program.

2. Select individual projects to submit under the FAST name, using FAST's influence to boost each project. Funding target: no more than \$5 million per project.

Pro: More projects may get funding.

Cons: FAST loses the ability to move the money around, since Congress will earmark it for specific projects. Some projects won't do well if proposed outside the context of the FAST program.

Workshop participants agreed both proposals should be prepared and Senator Murray's staff will provide guidance.

Freight Mobility Strategic Investment Board

In the past, FAST hasn't been involved with helping FMSIB seek dedicated state funding, but now the leadership would like hear what the FAST program can do to help. The goal is to not trip on what FMSIB is doing, but to make the FAST program known state-wide and find dedicated state funding for freight.

- In order to get the funding, FAST will need legislative presence.
- The FAST program will need to demonstrate that FAST projects are relevant locally in order to get local officials interested and engaged. The elected officials want to hear that if they leverage resources with FAST, they will get more "bang for their buck" in terms of project benefits.
- A letter focused on FAST projects from the FMSIB list will be drafted for signature by multiple mayors. It will request dedicated funding for these freight projects.

Additional Issues

- Ensure that state legislators' perception of Phase I and II priorities aligns with the program's priorities.
- Perhaps re-evaluate Phase I and II project lists so if some projects need to be delayed, maybe they could be moved, so that Phase I can be completed.

Long-Term Strategy

A few long-term strategic elements were agreed upon after the details of the short-term strategy were discussed.

- Build relationships with regional leaders (PSRC, key legislators) to include FAST in the update of the regional transportation plan, "Destination 2030."
- Ensure freight components in the WTP and MTP.
- Wait to initiate any FAST Phase III until funding sources have been identified. (There isn't a strong need to ask for money for a next phase until there is a clear and strong direction regarding funding sources.)